

DEPARTMENT OF FOOD AND AGRICULTURE

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William (Bill) J. Lyons, Jr., Secretary



January 2, 2003

RE: ANNOUNCEMENT OF MINIMUM PRICES FOR CLASSES 4a and 4b MARKET MILK

TO ALL INTERESTED PARTIES:

On the reverse side of this page are the minimum prices for Classes 4a and 4b market milk for December 2002. All prices are f.o.b. milk processing plant. As provided in the Stabilization and Marketing Plans for Market Milk (Plans), milk handlers shall pay producers the minimum prices for market milk components sold or used for Classes 4a and 4b purposes as specified on the reverse side of this page.

If market milk components are purchased f.o.b. producer's dairy location, haul deductions may be made as provided in the Plans.

Equivalent hundredweight prices shown in the right-hand column are based upon milk that is 3.5% fat and 8.7% solids-not-fat (SNF). These classified minimum prices that processors must pay for milk received from producers are calculated based upon mathematical formulas. The formulas are established and amended as needed through a public hearing process. These formulas include commercial prices for manufactured dairy products (butter, Cheddar cheese and nonfat dry milk). These commercial prices are also listed on the reverse side of this page.

This price information is also available on a recorded message. Please call (800) 503-3490 to hear the recording. If you are calling from Sacramento, or from outside of California, please call (916) 442-MILK. You can also access this information over the Internet on the Department's website. The address is <http://www.cdfa.ca.gov/dairy>. From the Homepage, select [Prices] from the Shortcuts sidebar. Once there, be sure to make a bookmark for future reference.

For more information, please contact us at the numbers above or e-mail us at dairy@cdfa.ca.gov.

Sincerely,

David K. Ikari, Chief
Dairy Marketing Branch

**MINIMUM PRICES FOR CLASSES 4a & 4b MARKET MILK
F.O.B. PROCESSING PLANT**

Released: January 2, 2003

CLASS 4a: December, 2002	LB. FAT	LB. SNF	EQUIVALENT PER CWT.
Statewide	\$1.1603	\$0.6914	\$10.08

CLASS 4b: December, 2002	LB. FAT	LB. SNF	EQUIVALENT PER CWT.
Statewide	\$1.1603	\$0.6174	\$9.43

COMMODITY MARKET PRICES:	\$ PER LB.
Chicago Mercantile Exchange Grade AA Butter - Daily Simple Average (Nov. 26th - Dec. 25th)	\$1.1139
Chicago Mercantile Exchange Block Cheddar Cheese - Daily Simple Average (Nov. 26th - Dec. 25th)	\$1.1290
California Extra Grade & Grade A Nonfat Dry Milk - Monthly Weighted Average (Nov. 26th - Dec. 25th)	\$0.8594

February 2003 Class 1 price will be announced no later than 4:00 p.m. on January 10, 2003.
January 2003 Class 4a and 4b prices and February & March Class 2 and 3 prices will be
announced no later than 4:00 p.m. on January 31, 2003.